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Secretary Butz at the OECD

World Poultry Production

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This week's cover:

The Chateau de la Muette, in Paris, permanent headquarters of the 23-member Organization for Economic Cooperation and Development, is shown surrounded by the initials of the Organization's French and English names. OECD came into being in 1961 to succeed the Organization for European Economic Cooperation, which had completed its task of administering Marshall Plan aid for European recovery.

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Secretary of Agriculture

Top officials of the ministries of agriculture in the countries of the Organization for Economic Cooperation and Development gathered in Paris April 11-13 to talk of current problems of agriculture at national and international levels.

These problems included rising food prices; the instability of world markets, and their rapid shifts from situations of relative surplus to those of relative shortage; the need to take into account the interests of developing countries; and progress made in the rethinking of domestic agricultural policies. Particular stress was laid on international cooperation as a means of averting or alleviating the difficulties now facing world agriculture.

Leading the American delegation was Earl L. Butz, Secretary of Agriculture. Highlights of his remarks to the Ministerial Meeting begin on page three.

ells OECD Ministers of U.S. Policy Changes

THE WORLD IS living through a historic transition in Europe, the full emergence of Asia as an economic force, a rebirth of trade between East and West, and a time of searching by underdeveloped areas for full membership in the world economy. This is all complicated by a long overdue adjustment in the world monetary system. It is made more difficult by world inflation produced by a demand that is burgeoning and supplies that, for now at least, are limited.

But the changes we are seeing are by no means temporary or superficial—they are fundamental and far-reaching. If we are to manage these changes—and benefit from the new systems created—we must move now to question the old verities and the old shibboleths. We feel that we are doing this in the United States. We are making policy changes that respond directly to new forces.

Expanding supplies. In the last few months, we have taken a number of strong actions to expand U.S. production of soybeans and grains and to move into use those commodity stocks carried over from past crops.

These actions, taken within a period of 6 months, are part of a longer term movement away from controls and toward a greater reliance on market forces. The Agricultural Act of 1970 eliminated commodity - by - commodity acreage restrictions on wheat, feedgrains, and cotton—giving our producers greater freedom to respond to market demand. And they are responding.

Increasing interchange among nations. Never before have we in the United States been so impressed with the increased reliance of nations on each other; there is growing economic interchange as nations seek to meet the needs and desires of their people. Never have so many nations come to the United States to tell us that they are counting on us for agricultural commodities—for wheat, for feedgrains, for soybeans, for cotton.

Many of these are old customers, and some are old customers who at times have acted to keep our commodities out of their countries. Some of our friends who a short time ago were seeking trade restrictions have now reversed themselves and are looking for assurances of supply.

But not all this increasing interchange is with traditional customers. In recent months, the Soviet Union and the People's Republic of China have come to the West for surprising quantities of grains, soybeans, and cotton. Even in the light of weather problems, it is highly significant that nations have found it advisable to take such strong measures to satisfy consumer demand for better living, especially in terms of more animal protein in the diet.

We are seeing a continued and rapid growth of the Far East as a commercial market for agricultural products. In fact, we in the United States find it hard to realize that a market as rich as Western Europe—along with America the most prosperous in the world—is no longer our leading growth market. It is on the verge of falling behind the Far East as a market for U.S. farm products. This is something to contemplate after 350 years in which Europe was our most important trading partner in agriculture.

All in all, this year will see a record level of world trade in agricultural products—close to $55 billion compared with only $45 billion as recently as 2 years ago. Moreover, the overall growth in world demand is quite apart from the temporary needs created by last year's bad weather in Eurasia. Economic growth and rising personal incomes around the world are being translated into effective demand at a rate that is difficult to comprehend and impossible to predict.

To a considerable degree, these forces are reflected in an increased demand for livestock and poultry products that the world is currently not able to satisfy. As a result, we see strong upward pressures on the prices of livestock and poultry and on the grain and protein feedstuffs that are basic to expansion in the animal sector. Dairy is an exception, as my European colleagues well know.

As ministers of agriculture, we face a number of common problems.

To begin with, inflation is a factor in most industrialized countries and in some developing ones. At the same time, there is an extremely strong demand for food as economies boom and personal incomes rise. The result is that consumers are bidding up the price of food—especially certain of the most popular items.

"Economic growth and rising incomes around the world are being translated into effective demand at a rate that is difficult to comprehend and impossible to predict."

In the United States, for example, we are eating more meat than ever before. We are eating almost twice as much beef per person as 20 years ago. And we are bidding up the price—in stores and in eating places. This rise in beef prices has occurred despite the fact that beef supplies in the first quarter of this year were above what they were in the same period a year before. Moreover, our beef producers are once again responding to demand. After more than doubling production between 1952 and 1972, they are expanding their cow herds again this year to meet the desires of consumers for more beef in their diets.

Never before have we seen and felt the power of the consumer as we do today. We feel those pressures every

day, and I am sure that you, as agriculture ministers know what I am talking about. I am aware of some of the actions taken by the European Community, and by nonCommunity nations as well, to encourage imports of beef and other livestock products, and even to limit exports. This is the power of the consumer at work.

On the other hand, there is a worldwide decline in the number of farmers—most apparent in developed countries.

In the United States we had 5.5 million people in the agricultural labor force in 1960—out of a total civilian employment of almost 70 million people. But by 1970, our agricultural employment had fallen to about 3.5 million.

This is not just a U.S. phenomenon—far from it. It is apparent in virtually every member country of the OECD. In the 10 years between 1960 and 1970 the agricultural labor force in France declined from 4.2 million to 2.9 million. In Germany the number declined from 3.6 million to 2.4 million and in Greece from 1.9 million to 1.7 million. In Italy, the agricultural labor force fell from 6.6 million to 3.7 million, in Spain from 4.9 million to 3.7 million, and in Japan from 13.4 million to 8.9 million.

"Why should any protective system be sacred in a world that is moving closer together? Why should we regard our Section 22 controls as inviolate? Why should the EC insist on sanctity for its system of variable import levies?"

It is apparent, then, that in most countries agriculture as a direct numerical political force is declining in strength. This does not mean that farmers will not continue to exercise a voice. They will continue to be influential; they will continue to draw the support of many nonfarm interests and many nonfarm legislators who realize the importance of stability and fair incomes for agriculture. Nevertheless, the downward trend in farmer numbers casts a serious question on any policy designed to preserve old forms and old patterns in the agricultural structure.

Old systems need examination. We need to examine these systems, yours and ours. Why should any protective system be sacred in a world that is moving closer together? Why should we regard our Section 22 controls as inviolate? Why should the European Community insist on sanctity for its system of variable import levies? These are questions that should be raised—for many reasons.

We have learned that protection fosters the uneconomic use of land. In many parts of the world, farm real estate values are much higher than they are in the United States—even in the American Midwest. These high values increase production costs; moreover, they are evidence that much of this property is no longer valued as agricultural real estate, but rather for its potential in other uses. Average values in West European countries range from two to 10 times the American average. Japanese real estate values are 14 times what they are in the United States. In 1971, cultivable land in France was reported to average 8,050 francs per hectare, which was almost four times the average value of U.S. farm real estate.

We have learned that such devices as minimum import prices and trade preferences are costly to consumers and limiting to demand growth. We continue to be concerned about trade distortions resulting from EC policies on grain, tobacco, citrus, and other commodities.

We have learned that protection at the border creates a desire for protection within borders. We have learned that protective measures tend to prolong themselves. It is strange to us that, at the very time that the world is short of feedgrains, the Community's import levies are just as high on corn as they were 1 or 2 years ago. It is strange, too, that in a world of growing demand, consideration would be given to exporting grains at prices far below the exporter's cost.

I have always been concerned about export subsidies—and the tendency for countries to justify their use on grounds that others are doing the same thing. We in the United States are now free of export payments, and the administration has recommended to Congress a phaseout of the income supplement payments. For some years, my colleagues in Europe have argued that producer payments used within the United States are in effect export subsidies. Without arguing that question, I can assure you that on both counts we are moving strongly in favor of the market system.

In my country we are impressed by the fact that—after 40 years of support and adjustment programs for the field crops—the animal sector of our agriculture, largely free of price supports, is the biggest income earner. Year after year, livestock products account for well over half of cash receipts from farm marketings in the United States. Last year, the proportion was 59 percent. In Europe, livestock prices are higher than they are in the United States, which reflects a strong demand for livestock products in European countries. We face that kind of demand, too, and we are adjusting our system to meet it. In some countries and areas, however, such adjustments are inhibited by price and trade disincentives.

"In the United States, our course is set. We are committed to a policy of expanding production to meet a demand that is real and will continue to grow."

We do not question the right of nations to support their own farmers in their own way. We cannot dictate to each other the programs by which governments choose to assist disadvantaged groups. We cannot expect changes to come overnight. But we should question the wisdom of programs that distort trade advantage. We should not insist on devices that say: I have to have quotas; I have to raise levies.

In the United States, our course is set. We are committed to a policy of expanding production to meet a demand that is real and will continue to grow. We are responding to the pressures of a world that wants to live better—and do so within a realistic cost framework. I believe you are feeling pressures that are similar although perhaps not as intense. And I submit that these economic forces are just as important to you as they are to me—or they soon will be.

How can we fail to respond to the increasing interchange between nations that is so evident this year?

How can we fail to take account of the importance of consumer desires that are so evident this year?

How can we fail to heed the pressures for elimination of import restrictions wherever they occur?

(Continued on page 12)

World's Top Poultry Producers Score Another Record Output

By WILLIAM C. BOWSER
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SUPPLIES OF POULTRY meat in 17 leading countries reached a new high in 1972. Total production for the year is estimated at 21.4 billion pounds, up 5 percent from the 20.3 billion produced in 1972 and more than one-fourth above production in 1967. In both 1969 and 1970, the growth rate was around 8 percent, after which it dropped to 3 percent in 1971 as countries with excessive carry-in supplies reduced broiler chick placements for the year.

In the **United States,** the world's largest producer of poultry meat, output of turkey and chicken meat (ready-to-cook basis) is preliminarily estimated at about 5 percent above the 1971 total of 10.5 billion pounds. Broiler meat output in Federally inspected plants in 1972 was at a record level, up 7 percent from 1971. Total output of chicken meat in 1972 will probably exceed 9 billion pounds. The 1972 turkey crop, at 129 million birds, is the largest on record, 7 percent above 1971 and 1 percent above the previous record of 1967.

U.S. exports of poultry meat continue to play an important role in balancing domestic operations and maximizing returns to all sectors of the industry. U.S. exports of poultry meat in 1972 totaled 155 million pounds, valued at $48 million, up 11 percent in volume and 19 percent in value from 1971. Turkey meat exports in 1972, valued at $15 million, increased by almost 60 percent.

Canadian poultry meat production in 1972 is now estimated at 974 million pounds, up 3 percent from 1971. Production of broiler chickens for the year rose about 4 percent to reach 657 million pounds. Turkey meat output, however, is down about 2 percent from the 225 million pounds produced in 1971, reflecting greater efforts by provincial turkey marketing boards to cut back production so it is more in line with requirements.

Present information suggests that poultry meat production in the European Community (EC) may be leveling off. Also, the burdensome supply situation that existed in 1971 in some member countries, especially in the Netherlands and West Germany, appears to have eased considerably. Production for 1972 (EC-6) is estimated up to 4.6 billion pounds. However, the rate of growth, at 4 percent, was much slower than the 6 percent for 1971 and 8 percent for 1970.

In the **Netherlands** output in 1971 was 716 million pounds—only 5 percent above 1970, compared with an increase of 17 percent from 1969 to 1970. In 1972, production is estimated at slightly below the 1971 level, with declines in both broiler and turkey meat output offsetting increases in production of both stewer chickens and duck meat.

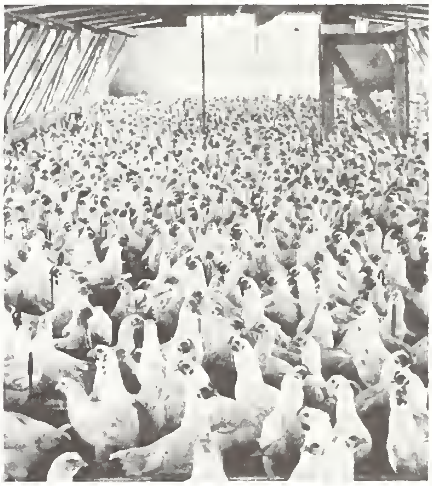
Dutch exports of poultry meat in 1971 were 515 million pounds, ready-to-cook weight. Almost 90 percent of the 1971 total went to other EC countries, mainly West Germany, with the balance of about 54 million pounds going to third countries under subsidized pricing. Exports in 1972 could reach 550 million pounds.

West Germany, far the largest importer of poultry meat and the most important single U.S. market, increased production about 2 percent in 1972 from the 600 million pounds of 1971. Despite rapid growth in recent years, production in 1971 accounted for only a little over half of domestic requirements, the balance being imported.

German poultry imports in 1972 may well have exceeded 600 million pounds, based on partial trade data for the year. In sharp contrast to glutted market conditions during much of 1971, the German broiler market late in 1972 was characterized by strong consumer demand and rising prices at both wholesale and retail levels. This improved situation was achieved, in part, by voluntary production restraint programs supported by market stabilization funds.

France's 1972 production could be significantly larger than the 1.4 billion pounds produced in 1971, as broiler chick hatchings during January-August were reported to be well above the comparable 1971 level.

Italy's production in 1972 is estimated up about 6 percent from 1971, with turkey meat output continuing to rise sharply. Italy was the only EC country registering a larger percentage increase in output in 1971 than in 1970;



Top, broilers—an important factor in world poultry meat production. Above, geese raised for pâté de foie gras in southwest France.

the gain was 10 percent to 1.5 billion pounds.

In **Belgium-Luxembourg,** output in 1972 is not expected to greatly exceed the 252 million pounds produced in 1971.

Production of poultry meat in the **United Kingdom** during 1971 totaled 1.3 billion pounds, 6 percent over that of the previous year. Chicken meat production, mainly broilers, accounted for 86 percent of the total volume, with output of turkey meat—at 15.7 million pounds—6 percent over 1970. Total poultry meat output in 1972 is estimated to be about 3 percent above the 1971 level.

On February 1, 1973, variable levies on poultry meat were adopted by the United Kingdom as its transition to full EC membership began. These are higher than import duties under the former minimum import price regulations. On cooked turkey meat, which made up most of the total U.S. sales of $2.4 million to the United Kingdom in 1972, the levy could be more than three times the present duty.

Denmark's poultry situation for 1972 can be characterized by higher domestic consumption and lower export sales, especially to the United Kingdom. In 1972, poultry meat exports totaled 110 million pounds, down 8 percent in volume from a year earlier although the total export value declined only 4 percent. Production for 1972 is estimated at about 5 percent above the 1971 output of 176 million pounds.

Japan's expanding broiler industry pushed total poultry meat output to a new high of 1.4 billion pounds in 1972. Turkey output is still negligible at barely a million pounds. Increased demand and continued high prices of competitive meats increased total consumption of poultry meat more than 20 percent in 1972. Imports of poultry meat increased 11 percent during 1972 to approximately 66 million pounds. The United States expanded its share of the import market to 30 percent from 25 percent in 1971.

Consumption of poultry meat is increasing in most countries and should continue to do so for many years. Present relatively high red meat prices are making poultry meat more attractive for both home consumption and the institutional-hotel trade. Also, per capita consumption of poultry meat in even the more developed countries is, with few exceptions, substantially below the U.S. level, which in 1971 was 50 pounds and in 1972 an estimated 52 pounds.

In 1971, Canadian per capita poultry consumption was around 44 pounds, while Israel, which probably eats more poultry per person than any country in the world, had an estimated per capita consumption of 92 pounds. In contrast, the Netherlands and Denmark, where production is oriented mainly to foreign sales, had per capita consumptions of around 14 and 11 pounds, respectively. Consumption is significantly higher in France and Italy, at close to 30 pounds per person; but in West Germany, the most important import market, it is 19 pounds.

Japan, a major growth country in domestic poultry production and an important outlet for foreign sales, consumed less than 9 pounds per person in 1971. Total consumption is increasing rapidly, however, and per capita consumption probably exceeded 10 pounds in 1972.

Per capita consumption is also comparatively low in East European countries—lowest in Poland and Bulgaria at 8 to 10 pounds, respectively, and probably highest in Hungary at a reported 28 pounds. In the USSR, where per capita consumption in 1971 is estimated at around 10 to 12 pounds, major emphasis has been placed on increasing production of poultry meat for the domestic market.

POULTRY MEAT[1] PRODUCTION IN SPECIFIED COUNTRIES, 1967-72
[In millions of pounds]

Country	1967	1968	1969	1970	1971	1972[2]
Canada	814	807	895	980	944	974
United States	9,406	9,191	9,681	10,433	10,531	11,040
Belgium-Luxembourg	223	216	222	248	252	256
France	1,128	1,199	1,280	1,358	1,410	1,480
Germany, West	450	463	508	573	600	610
Italy	1,193	1,173	1,274	1,333	1,471	1,560
Netherlands	472	503	579	679	716	713
Total EC-6	3,466	3,554	3,863	4,191	4,449	4,619
Denmark	146	142	151	174	176	185
Ireland	54	60	67	67	77	85
United Kingdom	1,062	1,182	1,259	1,243	1,319	1,362
Total EC-9	4,728	4,938	5,340	5,675	6,021	6,251
Austria	87	92	93	102	113	123
Greece	102	113	126	147	165	180
Spain	567	565	655	698	701	705
Switzerland	32	33	34	36	41	45
Poland	236	251	273	282	306	320
Yugoslavia	209	236	265	313	344	360
Japan	644	724	882	1,074	1,183	1,369
Total 17 countries	16,825	16,950	18,244	19,740	20,349	21,367

[1] Ready-to-cook basis. [2] Preliminary.

POULTRY MEAT PER CAPITA CONSUMPTION IN SPECIFIED COUNTRIES, 1966-71
[In pounds]

Country	1966	1967	1968	1969	1970	1971[1]
Canada	39.4	41.0	39.7	42.8	44.8	43.8
United States	43.8	45.8	45.4	47.4	49.6	49.9
Belgium-Luxembourg	15.7	16.5	15.5	16.6	18.9	19.5
France	20.9	22.7	23.2	25.4	27.5	28.0
Germany, West	14.3	15.2	16.0	16.5	18.1	19.0
Italy	19.0	24.5	23.5	25.6	26.5	28.9
Netherlands	10.2	11.6	11.7	11.7	13.2	13.7
Austria	15.7	15.7	16.5	16.6	18.1	18.8
Denmark	8.8	8.6	8.6	9.0	9.7	11.2
Greece	12.1	14.7	14.7	15.4	15.8	16.5
Poland	5.9	6.2	6.5	7.5	7.7	7.9
Spain	15.2	17.6	17.6	22.0	22.8	26.4
Switzerland	13.0	12.8	13.0	13.7	14.1	14.6
United Kingdom	17.5	18.5	19.9	21.2	23.0	23.0
Japan	4.4	4.9	5.1	6.6	7.9	8.6

[1] Preliminary.

Denmark's Pork Exports Face Market Adjustments in the Enlarged EC

By HARLAN J. DIRKS
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DENMARK'S TOP agricultural foreign exchange earner, the pork industry, has entered the enlarged European Community (EC) with mixed expectations. Farmers are disappointed with the results of the EC Ministerial meeting in Brussels on January 22-23, but at the same time are encouraged by the prospects of strong world prices for pork and better market access for their products in the EC-6.

As a result of the negotiations, the Danish pork sector will receive only about US$21 million in compensatory payments on bacon exports to the United Kingdom, compared with the US$61 million Denmark was seeking. Because of the reduced payments, farmers are pushing hard to maintain as many of the indirect State subsidies to agriculture as possible (US$65 million annually).

The real problem in the negotiations was that the British were not willing to accept the high feed conversion ratios and the high bacon differentials being proposed for Danish pork exports. The British felt these favorable terms would give other member countries too big an advantage on the U.K. market. As a result the feed conversion ratio was dropped from 4.2 to 3.15 and the bacon/hog differential was lowered to 1.3 from 1.6, which was the original Danish proposal. Rapidly rising world grain prices are squeezing the compensatory payments to Denmark even more.

The Danish Government viewed the results in Brussels as satisfactory and cited several factors that could produce considerable additional earnings for Danish pork exports. Grain prices in the United Kingdom are expected to decline during the fall of 1973, thus Denmark's bacon exports to the United Kingdom (about 280,000 metric tons annually) probably will receive a compensatory subsidy totaling about US$20 million this year. In addition, U.K. bacon prices are expected to rise when the bacon producer subsidy expires on June 1, thereby adding another $24 million in earnings.

Furthermore, Denmark exports about 55,000 metric tons of luncheon meat and similar products to the United Kingdom each year.

Exports to third-country markets are expected to receive restitutions of at least US$44 million in 1973, and restitutions on exports of canned hams to the United States will amount to about US$24-$32 million.

IN THE PAST, Danish pork exports to the EC-6 have totaled only about 10-12 percent of total Danish pork exports, but exports to these markets are expected to increase by about US$24 million this year due to discontinuance of the variable levy applied on Danish imports prior to February 1. However, these markets prefer fresh pork to bacon, and to meet this demand, Denmark has recently started the trial production of heavier hogs—160-177 pounds, compared with the normal 125-145 pounds.

Therefore, the Danish Government expects additional earnings to total about US$118 million for the pork industry in 1973, given unchanged production. However, production is expected to be down about 3 percent.

The reduction in the number of bred sows during 1972 was the result of farmer skepticism regarding higher prices for pork when Denmark joined the EC, as well as rapidly increasing prices of grains and protein feeds.

To bolster production and to prevent farmers holding back hogs during the transition period, the Danish bacon factories had to increase prices paid to producers by 21 percent in early January to bring prices closer to the EC level.

Pork output in Denmark was unchanged in 1972 at 765,000 metric tons, excluding live animals exported for slaughter and edible offals. However, the value of production increased slightly with good prices obtained on the export markets. Exports declined by about 6 percent to 353,000 metric tons, due partly to reduced production and partly to increased domestic consumption, which was up by 9 percent because of high beef and veal prices.

Despite the decline in export volume, the export value increased by about 8 percent during 1972. The United Kingdom took 272,000 metric tons, down from 284,500 in 1971, but prices on the British market averaged 17 percent higher than in 1971 and a new alltime record was reached by the end of 1972.

The value of canned meat exports increased by 4 percent during 1972 with a gain of 1 percent in volume. The United States, the most important importer, took more than one-third of the total volume, but as exports to the United States consist mostly of the higher priced hams, the market represents about half of the export value. Total exports for 1972 reached 205,000 metric tons, valued at nearly US$263 million.

Common Market entry did not result in the gains for which the Danish canned meat industry had hoped. The biggest problem at the moment is the shortage of hogs along with a strong export market for fresh pork cuts. Dollar devaluation has been an important factor.

BEFORE Common Market membership, the Danes considered it worthwhile to support the meat canning industry through a system of quantitative rebates on exports. This support was canceled with EC membership and replaced by the EC export restitution system. Although the EC restitutions on canned ham exports to the United States were recently increased by 6 UA/100 kg. to offset the devaluation, the canners claim this was not enough for full compensation. This increase, the canners say, will boost the value of sales only about $6 million whereas $16 million would be needed.

Given the current outlook for Danish pork supplies, it may be some time in 1974 before the supply situation for canners comes back in balance. Currently other EC buyers are outbidding the canners for fresh hams, and this market is expected to remain strong. Slaughterhouses without canning operations have been far more profitable in recent months. Canned ham exports

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BRITISH REVIEW AGRICULTURAL SITUATION, SET LEVEL OF 1973-74 FARM SUPPORTS

By DAVID P. EVANS
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The Annual Review of Agriculture 1973, presented to the British House of Commons on March 21 by the Minister of Agriculture, Joseph Godber, is the first since Britain's entry into the European Community (EC). This year's Review has taken place against a background of generally high market prices —in some cases, higher than guaranteed prices. But the year has been one of very sharply rising input costs in the farm sector. At the same time, the Government's anti-inflation policies are committed to keeping as low as possible any increases in food prices.

In presenting the Review White Paper, the Minister also announced the Price Review Determinations for British agriculture in 1973-74. The total outlay for price guarantees is forecast as little changed, at $138 million.[1] Guaranteed prices for wheat, barley, oats, potatoes, sugarbeets, fat sheep, fat pigs, milk, and wool are to be increased, but there will be no changes in the egg guarantees, and beef and rye have been taken out of the guaranteed payments systems.

The state of agriculture in 1972-73. The White Paper opens by saying, "British agriculture as a whole is thriving." It estimates that farming net income in 1972-73 will amount to $1,975 million, which is $210 million above 1971-72. The National Farmers' Union (NFU) puts the position as follows: "Income in *real* terms is now above the level of the mid-1960's. This has placed producers in a better position to find the resources required for investment in expansion."

The value of gross agricultural output in 1972-73 is estimated at $7,880 million, an increase of 11 percent. In real terms, the index of agricultural net product reached 118 in 1971-72 (average 1964-65/1966-67=100), but fell slightly in 1972-73 to 117. Increases in production of grains, milk, and livestock were slightly outweighed by reductions for potatoes, sugarbeets, horticultural products, and eggs.

The White Paper estimates that since the 1972 Annual Review, farm costs have risen by $542 million, the largest components being increases of $105.5 million in feed costs and $169.25 million in labor costs. These cost figures, moreover, do not take account of recently authorized increases in the price of compound feedingstuffs. The NFU, recognizing this extra burden, puts the extra costs in 1972-73 at nearer $750 million, five times as large as last year's cost increase.

The White Paper notes that the number of farms continues to decline. In 1972, the total number of significant farm units (defined as units requiring not less than 26 standard man days to operate) was 293,000, which is 14 percent below 1967. At the same time the average size of farms is increasing, and there have been some significant increases in crop acreage and livestock numbers on larger farms.

Guaranteed price determinations in 1973-74. The White Paper notes that at 9.39 million acres the 1972 **grain** area was only marginally below the peaks of 1966 and 1971, when it reached 9.42 million acres. Production of grain, at 15.25 million tons, was a record and is expected to have been sufficient to meet a large part of the United Kingdom's increasing requirements for animal feed.

Very high world market prices in 1972-73 have for much of the year kept U.K. market prices close to guaranteed levels. The average market price of wheat is forecast at $2.28 per bushel against the 1972-73 guarantee of $2.30; and the average market price of barley is forecast at $1.61 per bushel, as against the guarantee of $1.67. The outlook for grain production in 1973 is for an area about the same as last year's; but if average weather and yields are assumed, the total 1973 grain harvest may be a little lower than in 1972.

The 1973-74 guaranteed price of wheat will be $2.46 per bushel, which is 15.4 cents higher than the 1972-73 price. The guaranteed price of barley will be $1.78 per bushel, up 10.7 cents; the oats guarantee will be $1.14 per bushel, up 6.43 cents. In 1973-74, rye will no longer be included in the guarantee system.

Between June 1971 and June 1972 the number of **dairy** cows increased by almost 3 percent to 3.33 million. Milk yields per cow reached a record level in 1972-73 of 9,071 pounds, 1.5 percent above the previous year. The combination of an expanding dairy herd and these rising yields brought about in 1972-73 an increase of nearly 6 percent in total sales of milk off farms, which reached 30,093 million pounds. Most of this increase went into manufacture, although there was a small rise in fluid sales as well.

Inasmuch as farmers receive an average pool price derived from both the fluid and manufacturing markets—the latter being determined by free market prices of dairy products—farmers' returns from milk can be adversely affected when dairy product prices are low. Although the price of butter fell in 1972-73, other dairy product prices were strong, and the net average producer price in 1972-73 rose by 4 per cent to 4.92 cents per pound.

In 1973-74 the guaranteed price of milk will be 5.96 cents per pound, which is 0.36 cent above the 1972-73 guarantee. No payments out of Government funds are normally made on the milk guarantee. An award on the guaranteed price of milk usually requires an increase in the retail price of fluid milk, which is controlled by the Government, in order to maximize returns from the pool of the fluid and manufacturing markets.

At present, however, the Government's anti-inflation policies must seek to prevent any retail price increases where at all possible, especially for such a sensitive basic foodstuff as milk. Therefore, for the time being at least, the Government has decided to write

[1] All dollar figures were converted from pounds sterling at the rate of £1=$2.50.

off the deficit of $77.5 million in the Milk Fund that was incurred in 1972-73 in an effort to improve dairy farmers' returns while keeping increases in fluid milk prices to a minimum.

The rate of growth in the **beef** herd was much stronger than that in the dairy herd. The number of beef cows went up by 7 percent to 1.48 million, and this sector made considerable strides later in 1972; the number of beef-type heifers rose by no less than 60 percent between December 1971 and December 1972. It is expected that as a result of this expansion of the breeding herds, home-fed beef production will increase in 1973-74.

"This year's Review has taken place against a background of generally high market prices—in some cases, higher than guaranteed prices. But the year has been one of very sharply rising input costs."

As from March 25, beef has not been subject to the 1973-74 guarantee payments system because of the confident expectation that 1973-74 market prices for fat cattle will continue to be well above the level at which the beef guarantee scheme would have continued to operate. In 1972-73 the average market price for fat cattle was $34.33 per 100 pounds, compared with the guarantee price of $29.46. Fat cattle will, however, be underpinned by the U.K. extension of the EC guide price, which at present is $33.19 per 100 pounds.

Sheep numbers in the United Kingdom have now turned upward after declining between 1968 and 1971. The 1972 lambing season was above average, and between 1971 and 1972 there was a 6-percent increase in the breeding flock.

It is feared, however, that in 1973-74 total mutton and lamb supplies will be threatened by a fall in imports. To provide a firm background for further expansion in U.K. production, the guaranteed price for fat sheep and lambs will be 66.25 cents per pound, dressed carcass weight, which is 5.5 cents above 1972-73. In the year now ending, the firmness of red meat prices caused the average market price of fat sheep and lambs to reach 62.5 cents, higher than the guaranteed price of 60.75 cents.

After having dwindled in 1971, the **pig** breeding herd began to expand again during 1972, registering a 4-percent increase between December 1971 and December 1972. As with the rest of the meat market, market prices for pigs were high in 1972-73, with the average price for the year put at 38 cents per pound (dead weight), compared with the average standard price of 35.625 cents under the 1972-73 flexible guarantee arrangements.

In 1973-74, while the pig guarantee is being raised, the basis upon which it is paid is to be changed, and the flexible element of it abolished. The basic guarantee will be paid no matter what is the level of certifications, subject only for the time being to the operation of the feed formula. This change removes what had been a deterrent to expansion. The 1973-74 pig guarantee will be 40.875 cents per pound, an increase of 0.375 cent per pound above 1972-73.

The 1973-74 guaranteed price relates to a feed price of $5.65 per 100 pounds. In 1973-74 the feed formula used to establish the standard price involves the conversion of the $5.65 figure to a 1,000-point index representing the price of a feed ration. For every movement of 5.3 points in the index the guaranteed price of pigs will be adjusted by 0.125 cent per pound. Operation of the feed formula in 1973-74 will, however, be discretionary, so that the arrangement may be terminated at a suitable time as part of the arrangements for transition into the EC system.

During the past year, **eggs** took over from milk the reputation of being the most troublesome and problem-beset sector of British agriculture. The White Paper notes that in 1972-73 the average size of the British laying flock is expected to have fallen by about 5 percent, although there has been some compensation from increasing yields per bird. Despite the resulting reduction in supplies, demand for eggs has been very sluggish over the past year, and the situation of serious oversupply has depressed prices. The average producer price of eggs in 1972-73 was only 32.5 cents per dozen, compared with 36.25 in 1971-72. The guaranteed price in 1972-73 was 40 cents per dozen.

In 1973-74, production is expected to decline further, and already the level of supplies has fallen sufficiently to bring about a sharp recovery in prices. The guaranteed price in 1973-74 will be unchanged at 40 cents for hen's eggs and 38.75 cents per dozen for duck eggs. In the egg guarantee system, the basic rate of subsidy is the difference between the guaranteed price and so-called estimated producer prices. For 1973-74 the estimated producer price has been reduced from the 1972-73 level of 38.75 cents to 37.5 cents, which widens the margin between the guarantee and the base price used for subsidy payments.

Poultry meat has always been excluded from the U.K. system of agricultural support. The 1973 White Paper, however, notes that poultry meat production continues to rise steadily. In 1972-73 it went up from the previous year by 10 percent, to 667,000 tons. Although there was a period of exceptionally low chicken prices in the first half of 1972 when production outstripped demand, prices recovered toward the end of the year in response to the general upward pressure in the meat market. Further production increases are expected in 1973-74.

Sugarbeet production in the United Kingdom is subject to contract acreage restrictions. In 1973-74 the sugarbeet guarantee system will operate on a somewhat different basis from that of the past. If production from the guaranteed acreage exceeds the quantity of beet needed to produce 900,000 metric tons of white sugar—the quantity that the British Sugar Corporation is obliged to buy at the minimum beet price under EC arrangements—there would be a shortfall below the minimum beet price in the average return for any additional beet from that acreage. The Government will make payments for the shortfall, up to the guaranteed price level.

"Guaranteed prices for wheat, barley, oats, potatoes, sugarbeets, fat sheep, fat pigs, milk, and wool are to be increased, but there will be no changes in the egg guarantees, and beef and rye have been taken out of the guarantee system."

British membership in the EC also involves another change in the sugarbeet guarantee arrangements. Under the

former system, farmers surrendered their rights to the beet pulp when they received the guaranteed price for their beet. Now farmers will receive a minimum price for beet deliveries and will retain ownership of the pulp, although it may be offered to the processor for separate purchase.

The NFU and the British Sugar Corporation have agreed on values for the pulp rights, but this involves a downward adjustment in the beet guarantee. The 1972-73 beet guarantee price was $17.86 per short ton; on the new basis this becomes $14.98, and in 1973-74 it rises by 58 cents to $15.56. Under EC arrangements, the British guarantee system for sugarbeets will terminate effective July 1, 1974.

The White Paper notes that in 1972 the acreage planted to **potatoes** fell short of the target area of 605,000 acres by 21,000 acres. There was also a fall in yields per acre, so that production declined by 11.5 percent to 6.45 million tons. Nevertheless, supply and demand were in balance and market prices were firm, so that there was no necessity for support buying operations. The target area for 1973 has been reduced to 580,000 acres. Given adequate yields and current demand trends, this should produce a crop that may result in a moderate surplus. The 1973-74 guaranteed price will be $1.90 per 100 pounds, 5 cents above the 1972-73 guarantee.

Grants and subsidies in 1973-74. Production grants and subsidies and other direct payments are no less important than guaranteed prices as instruments of U.K. agricultural policy. Furthermore, the United Kingdom and certain sections of opinion elsewhere in the EC, dissatisfied with the increasing imbalances in the CAP brought about by its price policies, would like to see the British grant and subsidy system adapted to EC-wide application to help stabilize prices and to channel support money toward those farmers most in need of help.

The United Kingdom operates a wide-ranging number of schemes for the support of hill farmers and livestock producers, for the improvement of buildings and farm structure, and for the development of horticultural production and marketing. In the 1973 Review, however, the only changes being made in this system involve reductions in certain schemes.

Because of continuing high prices for calves brought about by the world beef shortage, the calf subsidy is being reduced by $6.88 to $21.25 per eligible steer and by $6.25 to $16.25 per eligible heifer. Thus, farmers will be obliged to rely more than last year on the calf market and on milk sales for their returns.

The other subsidy cut is a reduction from 30 percent to 20 percent in the basic rate of grant in the Farm Capital Grant Scheme, for new applications from March 22, 1973. Under this scheme, capital expenditure on a wide range of items is eligible for grants which work out at a percentage of approved expenditure. Items include farm buildings, roads, bridges, silos, yards, field drainage, farm waste disposal, livestock pens, supplies of gas, electricity, and water, and orchard grubbing. The reduction in the standard rate does not, however, affect the preferential treatment given to hill land, the rate for which remains at 50 percent of approved expenditure.

Expected cost of support in 1973-74. The Government estimates that the total cost of agricultural support in 1973-74 will be $852 million, an increase of 21 percent above the March estimate for the cost of support in 1972-73 ($705.25 million). The forecast outlay on price guarantees shows virtually no change from 1972-73 at $138 million, with further substantial savings on sheep and pigs besides those that will arise from the termination of the fat cattle guarantee. The total cost of grants and subsidies is forecast at $509.25 million, a modest increase above the outlay of $488.75 million in 1972-73.

Appearing in the support cost accounts for the first time is the contribution which the United Kingdom will be called upon to make to CAP organizations of the Community, including intervention buying operations. The total cost of these is expected to amount to $161.50 million. The small expenditure which will have occurred for this purpose in 1972-73 is put at $36.75 million.

On the other hand, Britain expects to receive $117.75 million from the EC's common farm fund (FEOGA), which will reduce British Exchequer liability for the 1973-74 support program from $852 million to $734.25 million.

Reaction to the Review. NFU reaction to the Review has been one of reasonable satisfaction. The Union's statement says that the decisions taken "should, given certain conditions, result in maintaining farm incomes at, or around, the present level. . . . Given reasonable returns from the market, normal weather conditions, containment of costs and a continuing increase in agricultural productivity, the Review should result in the industry being able to earn the resources required to continue the expansion of British agriculture. Increased food production in this country will help stabilise food prices by making Britain less vulnerable to the sudden fluctuations of world prices from which consumers have suffered in the past year. It will help to cut the cost of entry into the EEC and, by substantially reducing our food import bill, reduce the pressure on sterling."

Although expressing its great concern over costs, the Union takes the generally optimistic view about prospects for a considerable slowing down in the rate of increase during 1973-74. It believes that the sharp 1972-73 rise in feed costs will not be repeated during the coming 12 months, and strongly backs the Government's general anti-inflation policy as a means of controlling cost increases in other sectors. It does, however, regret the cuts in the calf subsidy and in the Farm Capital Grant Scheme.

"Income in real terms is now above the level of the mid-1960's. This has placed producers in a better position to find the resources required for investment in expansion."
—Statement of the National Farmers' Union

"The 1972 grain area was only marginally below the peaks of 1966 and 1971 . . . Production . . . was a record and is expected to have been sufficient to meet a large part of the United Kingdom's increasing requirements for feed."

2001

PROMOTIONS INCREASE USE OF U.S. FOODS IN HONG KONG

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By NICK HAVAS
Trade Projects Division
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THE NUMBER OF Western-style hotels and restaurants using consumer-ready foods of U.S. origin was measurably greater in 1972 than a year earlier, according to surveys conducted in each of the 2 years. Chinese-style outlets also showed gains but not to the same degree.

Contributing to this improvement were the numerous FAS and industry promotions during Japanese fiscal years 1971 and 1972 designed to influence food users in the hotel, restaurant, and institutional (HRI) trade in favor of U.S. products. These promotions consisted of:

- Extensive processed food exhibit, May 1971, and Workshop Seminar, October, 1971, both sponsored by FAS; and
- Trade receptions, cooking demonstrations, media ads, and seminars sponsored by the U.S. poultry industry particularly for turkeys, during fiscal 1971 and 1972.

The increase in percentage of outlets using U.S. foods in Western-style hotels and restaurants was most impressive for whole turkeys, beef, condiments, canned juices, cheeses, and cream products. In Chinese-style restaurants, only canned and fresh fruits showed a substantial gain in usage, while canned juices and cheese showed some gains.

Although the number of selected consumer-ready products of U.S. origin increased in HRI outlets, the unit sizes of packages used or stocked in inventory remained unchanged.

An extensive "pantry check" revealed that, except for condiments and meats and meat products, nearly all of the imported food products stocked were primarily in consumer-size packs. All the canned fruits and vegetables were of the No. 2½ size (29-30 oz.) or smaller; raisins, even when stocked by the case, were in 1-pound cartons, except for two outlets which had cartons of bulk U.S. raisins. Condiments were the most commonly stocked products found in institution-size packs, and the United States was well represented in those and to a lesser degree in meats and meat products.

Reasons given by the food and beverage managers for not stocking the larger unit sizes in their food lines varied. A few said they would stock institutional-size packs if local suppliers offered them on a continuous basis. But the majority justified the use of smaller units on the basis that they resulted in control of inventory and quality.

The latter, they claimed, was due mainly to the fact that most of the hotels and to some extent the larger restaurants have two to six different kitchens on the premises, each with its own stock room, supplied from a central storage. Therefore, the volume of each type of food used may not be sufficient to warrant the opening of a No. 10 can (over 6 lbs.) in each kitchen even though there may be a savings in the initial cost per ounce or per serving. Consequently, the shift to the larger size units may be slow and will require further promotion.

Another area needing more intensified promotion is in the use of convenience heat-and-serve foods. Examples of these are the processed ethnic-type foods, complete meals or prepared ingredients such as chicken and turkey products.

In some cases interest in institutional type foods is lacking either because labor for "onsite" food preparation is plentiful and inexpensive or not enough is known of the products' availability, convenience, quality, and local acceptance. However, officials of the larger outlets have been showing increased interest in convenience foods as a way to broaden their menu selection and

(Continued on page 16)

OUTLETS IN HONG KONG USING SPECIFIED U.S. CONSUMER-READY PRODUCTS, BY TYPE, 1971 AND 1972
[In percent of total]

Products	Restaurants [1]			
	Western [2]		Chinese	
	1971	1972	1971	1972
Fruits	91	100	42	93
Raisins	([3])	48	([3])	3
Vegetables	64	68	86	90
Juices	74	95	12	23
Meat:				
Sausage	([3])	35	([3])	3
Hot dogs	([3])	37	([3])	0
Pork	([3])	32	([3])	0
Beef, frozen	28	50	0	0
Chicken, frozen:				
Parts	13	12	0	5
Products	0	3	0	0
Whole	18	35	4	3
Turkey, frozen:				
Parts	5	3	0	0
Products	0	0	0	0
Whole	39	88	0	0
Cereals	18	47	0	0
Condiments	56	90	70	75
Prepared food	0	10	4	0
Natural sterilized milk	3	5	12	8
Powdered milk	0	7	0	3
Cream	5	72	10	0
Cheese	3	43	2	13

[1] Sample included 60 Western and 40 Chinese outlets. [2] Includes hotel dining rooms. [3] Not available on same basis.

Secretary Talks to OECD (Continued from page 4)

What better evidence could we have of the potency of these forces than we are seeing this year? The booming trade. The entrance of new customers into the world market. The high commodity prices. The extraordinary demand for beef. The crumbling of import controls for many of these items.

It would be a tragedy for the world to lose the gains it has made. It would be a tragedy for the United States to return to rigid programs of acreage control. It would be a tragedy for other nations to reverse the changes they have begun in response to the desires of their peoples.

INEVITABLY, I BELIEVE, those systems that artificially frustrate those desires will bend and crumble. This may take some time, but consumers will have a stronger voice in what they want and need. This will happen more rapidly than we realize, because the world has historically underestimated the growth in people's needs and desires—and their determination to satisfy those needs and desires.

If systems of protection are really vulnerable, which is my argument, then the only question remaining is: Why not alter those systems ourselves—before they come down around us? Let us manage this change ourselves, in ways that promote an orderly expansion in world trade.

Why liberalization? Some of you may ask the question: Why do you continue to push for liberalization of trade and agriculture when your own exports have grown so remarkably? My first answer is a philosophical one—that this is the right thing to do. Just as mankind yearns for peace in the world, he also yearns for closer personal and economic relations—a closer communication in the advancement of nations and cultures. I believe there is a common spirit among the world's peoples, and that trade in the products of man's labor and initiative is essential to full communication.

Secondly, we in the United States recognize that although our export base has grown, a part of that gain has been due to unusual weather conditions. When we deflate our current $11-billion agricultural export total by weather and associated value factors, the base figure is about $9 billion. We are going to do everything we can to hold the trade gains we have made in the areas that are new markets for us, but we recognize that we cannot hold the weather gains. Further, we know that those areas cannot for long sustain the heavy foreign exchange expenditures involved. They are going to have to expand their export earning bases sharply, if we are to hold those markets.

Speaking frankly of Western Europe, it is a large market for us, but it should be larger; I say that because European populations have an income base unequaled anywhere in the world except in my own country. Thus Europe has the ability to buy more of our agricultural goods than it is purchasing today. The fact that this is so is indicated by the waves of revaluation which have generally depreciated the American dollar in relation to the strong European currencies. That, to me, is a most clear-cut signal that not only has Europe had the ability to buy more, but it would have been good for Europe to do so.

I would say the same thing about Japan. It, too, is a very large market for us, but it could be larger.

IN MY COUNTRY, a minister of agriculture lives and functions within a great many realities, and these include inflation, consumer desires, and the need to control Federal expenditures. I dare say that, in my 16 months as Secretary of Agriculture, I have been exposed to these forces in a variety and with an intensity that few agricultural officers in the United States have ever experienced.

As a result, we have taken actions that we normally would not have undertaken at the particular time we took them. We have made changes in import policies that, quite frankly, would not have been equally possible at some other time in history. We have made greater changes in domestic farm programs than we would have done under normal circumstances. But we have taken these actions—made these changes—because we came along at a time in history when such decisions were required. I think that you, as ministers of agriculture, are up against the same historical necessity.

In the United States, we know that in order to find success in this process of freeing the market and encouraging farmers to produce for demand, we must look for a world market that is allowed to develop—that is allowed to expand naturally and steadily in response to people's needs and desires. We are assuming, in the United States, that the world's trading nations and institutions are equal to the task of providing a liberalization and enlargement of the world economic system.

We, as agriculture ministers, have the opportunity to exercise leadership in this cause, and I believe that the time is here. At this moment, a conference in Geneva, under the General Agreement on Tariffs and Trade, is trying to deal with trade maladjustments created by the enlargement of the European Community. A general negotiation has been scheduled this coming autumn. If we fail to take advantage of these opportunities I fear we will discover in time that we have poorly served our countries and our peoples.

President Nixon has asked for legislation to give him more flexible authority to conduct trade relations—and to negotiate toward an open trading world based on fairness and nondiscrimination. The President believes that agricultural trade questions will respond to negotiation based on a real understanding of the problems involved.

I might say that in the forthcoming negotiation, we are determined that agriculture not be treated in isolation. It must be viewed as part of the total trade package. We see no reason why it should not be considered together with other American industries, and negotiated as such. It follows that nations looking for access to industrial markets will be asked to negotiate in terms of access for agricultural products, and vice versa.

DOESN'T IT MAKE SENSE to join together now—in efforts to negotiate changes that will help demand grow, that will help each of us to serve that demand, that will give our populations the opportunity to buy what they want from the suppliers who best satisfy their needs? The obligations placed upon us are peculiar and difficult, but we are meeting at a time—in a year—when action and decisions can make an enormous contribution to the future well-being of the world economic system. I look forward to working with you toward that end.

CROPS AND MARKETS

TOBACCO

Malawi: Flue-Cured Field Loss High

With the harvest of flue-cured tobacco well underway by mid-March, producers were reportedly finding the crop ripening faster than it could be harvested owing to a shortage of barn space for curing.

Reports indicate that only 21-22 million pounds of the estimated 25 million pound potential crop will be harvested. Although there have been some curing problems most of the tobacco coming from the barns is reported to be of satisfactory quality.

The fire-cured and burley crops in other regions of the country are reported to be progressing satisfactorily but are in need of rain.

Ontario To Boost 1973 Flue-Cured Output

To make up for a short crop in 1972, Ontario flue-cured tobacco growers are tentatively planning a 250-million pound flue-cured crop for 1973. They believe that production of this size is needed to help domestic manufacturers replenish Canadian flue-cured leaf stocks.

Ontario flue-cured tobacco growers had planned to produce about 200 million pounds during the 1972 season. A late frost in June was largely responsible for a lower production level of about 165 million pounds, which sold for an average of 78 U.S. cents per pound.

Ontario tobacco officials are concerned about the future of their export trade, especially in view of their loss of U.K. Commonwealth preference in about 4 years. Even longer term prospects for Canadian tobacco exports are not good unless Canada undertakes a substantial export subsidy program or a two-price system for tobacco.

Malaysia To Establish National Tobacco Council

The Malaysian Parliament in its April session considered—and is expected to enact—a bill establishing a National Tobacco Council. The Council would control the production and processing of homegrown leaf via a quota system. It would also monitor price and quality of domestic leaf.

Under the proposed system only licensed cigarette manufacturers would be permitted to purchase cured leaf and only authorized processors with a quota from the manufacturers of cigarettes would be allowed to sell domestic leaf to manufacturers. At the same time only barn owners or processors having a quota from authorized cigarette manufacturers would be allowed to purchase green leaf from the growers.

The proposed establishment of the National Tobacco Council was prompted by the poor quality and overproduction of domestic leaf. All indications are the Council will be concerned entirely with domestic tobacco and will not intervene in the import market.

Greek Oriental Prices Jump

The 1972 oriental leaf market opened March 10 in Greece. Reports indicate that prices on export grades are 35 percent above 1971 prices even though quality is lower owing to adverse weather at harvest.

Larger purchases are reported among Eastern European countries and South Korea. This stronger demand coupled with the long-term downtrend in Greek production and stocks has led to the favorable prices at the farm level.

FRUITS, NUTS, AND VEGETABLES

Australian Canned Fruit Pack

The Australian canned deciduous fruit pack is reported larger than last year's. Current 1973 production is estimated at 10,538,000 cases, equivalent 24/2½ basis, 11 percent above the 1972 pack of 9,452,000 cases and slightly above the 1966-70 average.

Canning peach production was heavy in the Murrumbidgee Irrigation Area and the Goulburn Valley where sizing presented a problem owing to the exceptionally dry season. Heavy rains fell in latter February, but appeared to have caused little brown-rot damage as the weather turned cool and sunny.

Clingstone peach production is estimated at 4,800,000 cases, 8 percent above last year and the same as 1971. The pear crop was good to heavy, but sizing and intake restrictions will hold canned pear production to 3.2 million cases. Production of mixed fruit is estimated at 1,790,000 cases and apricots at 698,000 cases.

Preliminary reports indicate calendar 1972 exports totaled 7,140,000 cases, 5 percent above the 1971 total of 6,772,000 cases. Shipments to the United Kingdom were off sharply; however, sales to Canada, Japan, and West Germany made substantial gains.

South African Canned Fruit Production Smaller

South Africa reports a slightly smaller canned deciduous fruit pack. Total 1973 production is estimated at 8,725,000 cases, equivalent 24/2½, 2 percent below last year's pack of 8,899,000 cases. Early season-drought conditions reduced fruit yield prospects by about 10 percent; however, new bearing acreage held production to near that of a year ago.

Clingstone peach production is estimated at 5.3 million cases, 3 percent below the 1972 level of 5,472,000 cases. Pear production was slightly larger than last year and is esti-

mated at 1.4 million cases. Production of canned mixed fruits is estimated at 1,350,000 cases; apricots, 500,000 cases; and apples, 175,000 cases.

South African exports totaled 8,477,000 cases during the 1972 season. Canned peaches was the major export item, totaling 5,018,000 cases. Following in importance were mixed fruit, pears, apricots, and apples.

The United Kingdom was the major market accounting for 58 percent of total canned fruit exports.

Chilean Dried Fruit Pack Estimate

Chile reports a smaller 1973 dried fruit pack. Production is estimated at 7,700 short tons, 8 percent below 1972. Seasonal weather conditions were considered normal; however, a favorable demand for fresh fruit in the domestic market held down the level of dried fruit production.

The 1973 prune pack is estimated at 5,200 tons, 3 percent less than last year's pack of 5,400 tons. Production of dried peaches is estimated at 1,400 tons, raisins 700 tons, and other dried fruits 400 tons.

FATS, OILS, AND OILSEEDS

World Olive Oil Output Down

World production of pressed olive oil in 1972-73 is now forecast at 1.44 million metric tons—120,000 tons below last year's relatively large output. The current estimate indicates a downward revision of nearly 60,000 tons from the preliminary forecast published in the December 1972 issue of *World Agricultural Production and Trade.*

Most of the decline from 1971-72 reflects sharply reduced production in Italy—to 365,000 tons against 616,000 tons last year. Also, Tunisia's output is expected to drop to an estimated 65,000 tons against 167,000 tons in 1972. These declines will be partly offset by expanded output in Spain—to 440,000 tons against 341,000 last year; Turkey—150,000 tons compared with only 51,000 tons; and Greece—250,000 tons against 183,000.

Detailed statistics will appear in the April 30 issue of *World Agricultural Production and Trade.*

LIVESTOCK AND MEAT PRODUCTS

Hungary Buys U.S. Cattle

Hungary has purchased 2,640 head of U.S. breeding cattle valued at approximately $1.3 million under the Commodity Credit Corporation credit program. The first shipment of approximately 500 head was made by air March 24 from O'Hare Field, Chicago.

This is the largest sale of U.S. breeding cattle made to Hungary and the largest single sale of dairy breeding animals ever made to a foreign country. About two-thirds of the animals purchased are Holsteins and the rest are Herefords.

Australia May Import New Zealand Lamb

Australian wholesalers have indicated they may negotiate for the importation of about 60,000 tons of New Zealand lamb in the middle of 1973 when the local supply is expected to be at its worst.

A sharp drop in Australian lamb production because of drought in the eastern States and a swing from sheep to cattle during the wool price recession had, as of January 1973, pushed Australian fat lamb prices up 83 percent from their level 12 months ago.

The high lamb prices and an expected short supply are in part responsible for the anticipated Australian purchase.

GRAINS, FEEDS, PULSES, AND SEEDS

USSR Grain Purchase Prospects

The Soviet Union is still expected to purchase sizable quantities of grain on the world market for delivery in the 1973-74 marketing year starting in July, although in recent weeks there appears to have been an improvement in Soviet grain crop prospects for 1973, the U.S. Department of Agriculture has announced.

The expectation of purchases has been strengthened by recent reports from Europe that the Soviets have chartered large numbers of third-country vessels suitable for carrying grain. Trade reports indicate that the Soviets recently chartered for use during the next 18-20 months enough vessels to carry an estimated 6 million tons of grain annually. This tonnage is in addition to vessels chartered earlier, and does not include grain to be carried on U.S. and Soviet-flag vessels.

Last year, the Soviets purchased 28 million tons of grain from all sources, mostly for delivery in the 1972-73 marketing year. The purchases included about 19 million tons of wheat and 9 million tons of other grains, mainly corn and barley.

Current crop prospects and shipping information indicate the Soviets may in 1973-74 take about half the total quantities purchased in 1972-73. Current world grain prices, however, would tend to point to a larger proportion of corn in 1973-74.

Canada Wheat Planting To Increase 14 Percent

Canadian 1973 wheat plantings are forecast at 24.3 million acres according to Canada's April 6 official report of planting intentions. This would be 14 percent above the 21.3 million acres seeded in 1972, but significantly below the levels recently suggested by the Canadian Wheat Board. Plantings of 2.6 million acres of durum are expected, 17 percent below last year. Barley acreage was placed at 12.7 million acres, 2 percent above a year ago but also somewhat under suggested levels. Canadian farmers plan to reduce summer fallow by 11 percent to 25.7 million acres.

Venezuela's Black Bean Output Expands—Imports To Cease

Venezuela will import about 7,000 metric tons of black beans in 1973, compared with 16,000 tons in 1972, according to a recent announcement by Venezuela's Ministry of Agriculture. The Ministry also placed 1972 production at 31,000 tons and forecast 1973 production at slightly in excess of 40,000 tons. It further stated that domestic production over the next several years would be sufficient to cover domestic demand and that importation of this commodity would cease.

Venezuela traditionally has taken over 80 percent of all

U.S. exports of black turtle beans. In some years it takes as much as 75 percent of the total U.S. crop.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	April 18	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	3.18	+3	2.00
USSR SKS-14	(1)	(1)	1.87
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	2.83	+7	1.89
15 percent	2.88	+3	1.96
U.S. No. 2 Hard Winter:			
13.5 percent	2.80	0	1.81
No. 3 Hard Amber Durum	3.01	+10	1.83
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	2.07	+3	1.46
Argentine Plate corn	2.20	+1	1.72
U.S. No. 2 sorghum	2.09	+1	1.50
Argentine-Granifero sorghum	2.08	+2	1.51
U.S. No. 3 Feed barley	1.78	+3	1.21
Soybeans:			
U.S. No. 2 Yellow	6.57	−1	3.54
EC import levies:			
Wheat[3]	[4] 1.55	0	1.67
Corn[5]	[4] 1.19	−13	1.10
Sorghum[5]	[4] 1.18	−9	1.09

[1] Not quoted. [2] Basis C.I.F. Tilbury, England. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Italian levies are 23 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

Uruguay May Export Sorghum

Uruguay may have up to 200,000 tons of sorghum to export in 1973-74. Owing to favorable weather and to abnormally large sorghum plantings on some 222,400 acres of wheat land following wet weather at wheat-seeding time, the 1973 sorghum crop is estimated at 350,000 tons compared with 57,000 tons in 1972. The corn crop is estimated at 205,000 tons, against 141,000 tons last year.

Uruguay imported 45,000 tons of corn for feeding during the marketing year ending March 31, 1973.

Grain Exports and Transportation Trends: Week Ending April 6

Weekly export inspections of wheat, feedgrains, and soybeans totaled 1.65 milion metric tons for the week ending April 6—up 10 percent from the week before and 2 percent above the March weekly average. Shipments were: Wheat, 689,000 metric tons; feedgrains, 712,000; and soybeans, 249,000.

Inland transportation was down. Railcar loadings of grain totaled 28,525 cars, down 8 percent from the week before. Barge shipments of grain, at 342,000 metric tons, were down 23 percent from the week before, reflecting flood conditions on the Mississippi.

GRAIN EXPORTS AND TRANSPORTATION TRENDS: WEEK ENDING APRIL 6

Item	Week ending Apr. 6	Previous week	Weekly average, Mar.	Weekly average, third quarter
Weekly inspections for export:	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Wheat	689	635	589	637
Feedgrains	712	602	688	690
Soybeans	249	267	333	327
Total	1,650	1,504	1,610	1,654
Inland transportation:				
Barge shipments of grain	342	447	495	495
	Number	*Number*	*Number*	*Number*
Railcar loadings of grain	28,525	30,973	30,404	32,271

Czech Grain Status Below Par

The amount of Czechoslovakian winter grain to be plowed under this spring because of winter damage is roughly the same as usual, but the crop otherwise is in somewhat poorer condition, according to press reports. High quality seed reportedly is available for spring sowing but there are shortages of certain types of fertilizer, lime, and other chemicals. The need to conserve soil moisture was stressed to combat the unprecedented low level of water and soil moisture reserves.

COTTON

Cotton Fabric Library Opens in Tokyo

Japanese fashion designers and representatives of garment manufacturers and department stores in the Tokyo area now have a new source of information on cotton fabrics.

In mid-March, the Japan Cotton Promotion Institute, in cooperation with the International Institute for Cotton, opened a Cotton Fabric Library there. The library, equipped with samples of the latest Japanese cotton fabrics and collections from overseas, as well as technical literature, is similar to a library in Osaka that has been operating for some time.

The Osaka library has been accepted as an authorative source of information to the trade and press on cotton fashions and textiles. The Tokyo library is expected to supply a similar need in Japan's capital city, one of the country's major garment manufacturing centers.

New Foreign Agriculture Circulars

- January Trade in Livestock, Meat, and Meat Products (FLM-5-73)
- U.S. Trade in Specified Oilseeds, Vegetable and Marine Oils, Oilcakes, and Meals (FFO-6-73)
- Pakistan's Cotton Production Unchanged But Exports Rise (FC-9-73)

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FOREIGN AGRICULTURE

Increased Use of U.S. Foods in Hong Kong *(Continued from page 11)*

reduce kitchen help.

Discussions with officials of the HRI trade revealed the need for greater promotional efforts to convince chefs of U.S. institutional-type foods' acceptability in terms of quality, nutrition, flavor, flexibility of use, and cost. In the trade's opinion, this could be accomplished through promotions with local chefs participating directly by observing live demonstrations, sampling the products, and taking generous samples to their own kitchens for use in preparation of new or familiar dishes.

The HRI trade is currently estimated to account for about 30 percent of Hong Kong's consumer-ready food imports from the United States. This amounts to approximately $7 million annually and is expected to grow 5 to 7 percent per year owing to continued increases in tourism and per capita income and a gradual shift toward Western-style foods.

By the end of 1973, for instance, hotel accomodation is projected to increase to 13,000 rooms from the present level of approximately 10,000. This expansion is necessary to accommodate increased numbers of visitors, those who stay longer per visit, and local residents requiring hotel accommodations. Most of the gain in rooms is from construction of new hotels; the rest is from expansion of existing units.

This rapid growth is placing a heavy demand on experienced kitchen help. While there is no immediate danger of an acute shortage of competent help, shortages could occur within the next 5 years. This realization has caused a rapid upward adjustment in salaries, as well as interest in using more wholly and partially prepared convenience foods. For that reason, hotel officials are quite anxious to learn about the availability and economic benefits of institutional-type foods.

In response, FAS has scheduled a promotion for April 25-26. It will be directed primarily at the HRI trade and contain selected foods of particular interest to the institutional trade, with emphasis on availability, convenience, and cost savings without sacrificing quality. There will be experts from the United States to assist at the exhibit in the demonstration and sampling of the foods offered and in menu planning, using institutional-type convenience foods. In addition, chefs will be given generous supplies of product samples and illustrated instructional brochures to enable them to experiment in their own kitchens with U.S. foods.

This intensive educational process appears to be necessary to overcome present bias against processed foods in an area such as Hong Kong where traditionally the trade has preferred and emphasized the use of fresh products or prepared products made from fresh ingredients.

Denmark's Pork Exports to EC *(Continued from page 7)*

to the United States are expected to be down at least 10 percent in 1973. Some industry officials feel there could be a decline in canned ham production.

After more than 20 years of total prohibition on exports of breeding hogs, Denmark has opened up for the export of the Danish Landrace following membership in the Common Market. The foreign demand for high-quality breeding stock looks good, and a sale of 52 hogs—8 boars and 44 gilts—has already been made to Japan at very favorable prices. The hogs will be held in quarantine under rigid control before distribution to Japanese farmers.

A second sales contract for a similar number of hogs has recently been concluded with Japan. Experts feel that Denmark has the capacity to export about 10,000 breeding hogs per year but not at the high prices obtained for the Japanese shipments. Several countries have shown strong interest in obtaining Danish Landrace breeding hogs, such as South Africa, People's Republic of China, Eastern Europe, Spain, France, Italy, Greece, United Kingdom, Sweden, and West Germany, but none so far has been shown by U.S. breeders. The newly-formed export organization, SEA, will attempt, however, to prevent the uncontrolled export of breeding stock and keep the best stock in Denmark in order to maintain the high bacon quality of Danish hogs.